

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SSC-01 SSO-00 USIE-00 NSCE-00
CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00
PA-01 PRS-01 SP-02 SS-15 INRE-00 /051 W
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FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC IMMEDIATE 5199
INFO AMEMBASSY GUATEMALA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
USSOUTHCOM QUARRY HTS CZ

C O N F I D E N T I A L MANAGUA 5780

E.O. 11652: GDS
TAGS: PGOV, PINR, PINT, NU
SUBJECT: CABINET CHANGES: HALF A LOAF

REF: MANAGUA 5770

SUMMARY: THE CABINET RESTRUCTURING BY PRESIDENT SOMOZA ON DECEMBER 21 REMOVES THE MOST CRITICIZED MINISTERS AND AUTONOMOUS AGENCY HEADS. THE MORE PRESTIGIOUS OFFICIALS AND SOME OTHER COMPETENT MANAGERS HAVE BEEN RETAINED. HOWEVER, THE NEW FACES IN THE REGIME DO NOT REPRESENT MUCH OF AN INFUSION OF NEW BLOOD. INSTEAD, THEY ARE BASICALLY TRIED AND FAIRLY UNTAINTED REPRESENTATIVES OF THE REGIME. THE NEW FACES WILL BE WATCHED CLOSELY BY THE POLITICAL OPPOSITION AND THE PRIVATE SECTOR TO DETERMINE WHETHER THEIR PERFORMANCE WILL CONSTITUTE A BREAK WITH PAST CORRUPT AND INEFFICIENT PRACTICES. END SUMMARY.

1. THE NAMES THAT HAVE COME UP MOST FREQUENTLY IN CONNECTION WITH ALLEGATIONS OF CORRUPTION, SUCH AS FINANCE MINISTER MONTIEL, ECONOMY MINISTER MARTINEZ, HOUSING BANK PRESIDENT ZELAYA, POWER COMPANY
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PRESIDENT DEBAYLE, AND CUSTOMS DIRECTOR RODRIGUEZ, HAVE BEEN DROPPED FROM THE GOVERNMENT. HOWEVER, A FEW MEMBERS OF THE PAST CABINET WHO HAVE RECEIVED MIXED REVIEWS REMAIN, I.E., LUIS VALLE OLIVARES (WHO LEAVES THE NATIONAL DISTRICT AND TAKES PUBLIC WORKS) AND ARMEL GONZALEZ (WHO LEAVES PUBLIC WORKS AND TAKES NATIONAL PLANNING).

2. REMAINING IN PLACE ARE THE GON'S BEST REPRESENTATIVES; SENGELMANN

IN AGRICULTURE, INCER IN THE CENTRAL BANK, AND SPENCER IN THE NATIONAL DEVELOPMENT INSTITUTE. ALSO STAYING PLACE OR SHIFTING JOBS ARE A NUMBER OF REASONABLY COMPETENT AND RESPECTED OFFICIALS AT THE MINISTERIAL LEVEL (MORA IN GOVERNMENT, SANCHEZ FROM DEFENSE TO TELECOMMUNICATIONS, AND CAJAINA FROM HEALTH TO THE POWER COMPANY) AND VICE-MINISTERIAL LEVEL (ECONOMY, FOREIGN RELATIONS, PUBLIC WORKS, ETC.).

3. MOST OF THE NEW FACES ARE QUITE FAMILIAR AS A RESULT OF PAST POLITICAL OR MILITARY SERVICE TO THE REGIME. THE POLITICIANS ARE MAYOR ROGER PLANDON, OF LEON, TO ECONOMY (U.S. LEADER-GRANTEE IN 1977), SEN. MONTENEGRO TO THE NATIONAL DISTRICT, AND DEPUTY PORRAS TO EDUCATION. THE NEW MILITARY ENTRANTS ARE SECURITY CHIEF GENIE TO FINANCE, AND CHIEF OF STAFF NOGUERA TO DEFENSE. ALSO AMONG THE NEW FACES IS QUINTANA IN THE FOREIGN MINISTRY. HE IS A FORMER CABINET MEMBER (NOW NEARLY SEVENTY YEARS OLD) WHO IS WIDELY RESPECTED, WAS CONSIDERED POSSIBLE PRESIDENTIAL TIMBER IN THE PAST AND WHO HAS JUST RETURNED FROM THE POST OF AMBASSADOR IN PARIS. THERE HAD BEEN HOPES, ESPECIALLY IN THE PRIVATE SECTOR, THAT OUTSTANDING NON-POLITICAL INDIVIDUALS WOULD BE BROUGHT INTO THE CABINET TO GIVE IT NEW BLOOD. OFFERS WERE REPORTEDLY MADE TO SEVERAL PRIVATE SECTOR PERSONS BUT THEY TURNED THEM DOWN.

4. IN SUMMARY, THERE HAS BEEN A PURGE OF SOME OF THE WORST OF THE VILLAINS, AND THE BEST OF THE PREVIOUS OFFICIALS REMAIN. THE NEW FACES COME RELATIVELY UNTAINTED TO THEIR JOBS, BUT THE TEXTURE
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OF THE REGIME REMAINS UNCHANGED, I.E. THE AUTONOMY OF THE NEW OFFICIALS WILL DEPEND ON SOMOZA'S WISHES.

5. OPPOSITION POLITICIANS WILL CHARACTERIZE THESE CHANGES AS LACK OF CHANGE OR AT LEAST A DISAPPOINTMENT. THE PRIVATE SECTOR, WHICH PROBABLY WAS THE KEY ELEMENT IN CONVINCING SOMOZA THAT CHANGES WERE NECESSARY, WILL BE LESS THAN FULLY SATISFIED AND WILL BEGIN TO TEST CAREFULLY WHETHER THE NEW OFFICIALS WILL BE REASONABLY EFFICIENT AND WILL BREAK WITH PAST PRACTICES OF CORRUPTION.

6. COMMENT: OUR INTEREST IN SEEING HONEST GOVERNMENT IN NICARAGUA MAY HAVE BEEN ADVANCED BY THE PURGING OF ITS MOST INFAMOUS MEMBERS. HOWEVER, IT WILL TAKE TIME TO SEE IF THE NEW OFFICIALS WILL BE CORRUPTED BY THE OPPORTUNITIES FOR GRAFT IN THEIR NEW POSITIONS OF RESPONSIBILITY. IT IS NOT CLEAR WHETHER SOMOZA RECEIVED A MESSAGE FROM THE LEADING PRIVATE SECTOR PERSONS WHO DECLINED HIS OFFER TO ENTER THE GOVERNMENT. UNTIL THERE ARE FURTHER AND MORE FUNDAMENTAL CHANGES, THEY DO NOT WANT TO RISK THEIR REPUTATIONS BY BEING ASSOCIATED WITH THE REGIME. ALTHOUGH SOMOZA MAY HAVE BEEN FORCED TO TURN TO LIBERAL PARTY POLITICIANS TO FILL SOME OF THE VACANCIES, BY DOING SO HE PROBABLY HAS FORTIFIED PARTY LOYALTY BY REWARDING SUCH LOYALTY.

RUBENSTEIN

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